

Message Text

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ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 EB-11 L-03 CAB-09 CIAE-00 COME-00

DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 PA-04 PRS-01

USIA-15 OMB-01 TRSE-00 DRC-01 /075 W

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R 040129Z DEC 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 1380

INFO AMEMBASSY TOKYO

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FOR EXIM BANK

E.O. 11652: N/A

TAGS: ETRN, KS

SUBJECT: CIVAIR - BILATERAL NEGOTIATIONS

1. EMBASSY HAS BEEN ADVISED BY PHILIP BOGART, MC DONNELL DOUGLAS REPRESENTATIVE FOR ASIA STATIONED IN TOKYO, THAT PUBLIC ANNOUNCEMENT WILL BE MADE DECEMBER 10 TO EFFECT THAT KOREAN AIR LINES (DAL) HAS AGREED TO PURCHASE FIVE DC-10'S WITH SPARES, A TOTAL PACKAGE WHICH HE ESTIMATES AT \$150-\$160 MILLION. ACCORDING TO BOGART, ADDITIONAL AIRCRAFT WILL BE USED FOR KAL REGIONAL ROUTES AND AS SUPPLEMENT FOR TRANS-PACIFIC ROUTE. FIRST AIRCRAFT DELIVERY SCHEDULED JULY 1974, AND MANUFACTURE ALREADY STARTED. BECAUSE OF SHORT LEAD TIME, INITIAL OPERATIONS OF NEW AIRCRAFT WOULD BE WITH PILOTS AND MECHANICS SUPPLIED BY DOUGLAS. COMPANY HAS ALREADY OBTAINED LETTER OF INTENT FROM KAL WHICH IS SUBJECT TO KOREAN GOVERNMENT APPROVAL PRIOR TO DECEMBER 10 ANNOUNCEMENT.

2. EMBASSY CHECKED WITH KAO OFFICIALS WHO GENERALLY CONFIRMED BOGART'S STATEMENTS BUT DID NOT MAKE CLEAR MANNER IN WHICH CONTACTS WITH EXIM BANK HAD BEEN MADE IN RELATION TO POSSIBLE EXIM FINANCING THIS KAL PURCHASE. BOGART SAID THAT HE UNDER IMPRESSION INITIAL INFORMAL CONTACT WITH EXIM HAD OBTAINED

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FAVORABLE RESPONSE. HOWEVER, IN VIEW OF FACT THAT FORMAL KOREAN

GOVERNMENT APPROVAL NOT YET OBTAINED, IT WAS FELT THAT EXIM
PRECOMMITMENT WOULD BE PREMATURE. WE UNDERSTAND KAL OFFICIALS
WILL BE IN WASHINGTON WEEK OF DECEMBER 3 AND MAY CALL ON EXIM
FOR DISCUSSIONS. WE SUGGESTED TO BOTH KAL AND BOGART ADVISABIL-
ITY OF OBTAINING EXIM PRECOMMITMENT PRIOR TO DECEMBER 10 PUBLIC
ANNOUNCEMENT.

UNDERHILL

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Message Attributes

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Disposition Authority: garlanwa
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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